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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON D. C.



APRIL 1948

Approved by the Outlook and Situation Board, April 29, 1948

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SUMMARY

Consumer demand continues to maintain farm product prices at high levels and is likely to continue strong through the year. Prices received by farmers have generally improved since the drop in early February but in mid-April still averaged 5 percent below the January record. During the next few months agricultural prices will be increasingly affected by changes in crop prospects in this country and abroad.

Recent congressional actions will tend to maintain economic activity at a high level. The reduction in income taxes will increase spendable consumer incomes by about 5 billion dollars in the next twelve months. The European Recovery Program and associated foreign aid measures which provide for an outlay of 6.1 billion dollars assure continued large U. S. exports for at least the next twelve months. However, foreign takings of agricultural products may be reduced from last year's record if present favorable crop production prospects abroad materialize.

If the recent request for additional national defense expenditures is approved, total expenditures for this purpose in 1948-49 will be increased by more than 3 billion dollars above the original budget request for 11 billion dollars. The impact of the additional defense programs would be principally on metals, supplies of which are now short relative to demands.

Industrial production and employment remain near record levels although work stoppages and bad weather resulted in slight reductions in production and wages in March and April. Nevertheless, steel and motor vehicle output reached new peacetime records in March. In April, however, output of steel and motor vehicles declined slightly as these industries were affected by the sharply reduced production of soft coal. The general price level showed little change in March and early April, but advanced one percent in the third week in April.

Commodity highlights

Strong demand and seasonally small meat production are likely to hold prices of meat animals high at least for the next few months. Consumer demand for dairy products and eggs continues very high. If crop conditions continue favorable, prices of wheat and corn are expected to decline seasonally. With the passage of the European Recovery Program, export prospects for cotton, tobacco and fruit have improved.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1947			1948		
		Year	Feb.	Dec.	Jan.	Feb.	Mar.
Industrial production 1/	:1935-39						
Total	= 100	187	189	192	193	194	192
All manufactures	do.	194	197	198	200	201	202
Durable goods	do.	220	222	229	228	226	230
Nondurable goods	do.	172	176	173	177	180	179
Minerals	do.	149	146	156	154	155	140
Construction activity 1/	:1935-39						
Contracts, total	= 100	274	263	343	333	326	
Contracts, residential	do.	348	373	395	373	373	
Wholesale prices 2/	: 1926=						
All commodities	100	152	144	163	166	161	161
All commodities except	:						
farm and food	do.	135	128	146	148	148	148
Farm products	do.	181	170	197	199	185	186
Food	do.	169	162	178	180	172	174
Prices received and paid by	:1910-14						
farmers 3/	= 100						
Prices received, all prod...	do.	278	262	301	307	279	281
Prices paid, int. & taxes...	do.	231	221	245	251	248	241
Parity ratio.....	do.	120	119	123	122	112	115
Consumers' price 5/6/	:1935-39						
Total	= 100	159	153	167	169	168	167
Food	do.	194	182	207	210	205	202
Income	:						
Nonagricultural payments 4/	:Bil.dol.	174.8	168.2	184.6	184.8	183.6	
Income of industrial	:1935-39						
workers 3/.....	= 100	323	309	354	350	346	
Factory payrolls 5/.....	do.	345	331	379	372	367	
Weekly earnings of factory	:						
workers 5/	:						
All manufacturing	:Dollars	49.26	47.29	52.74	52.17	51.52	
Durable goods	do.	52.47	49.74	56.52	55.68	54.52	
Nondurable goods	do.	45.87	44.67	48.78	48.44	48.39	
Employment	:						
Total civilian 7/	:Millions	58.0	55.5	57.9	57.1	57.1	57.3
Nonagricultural 7/.....	do.	49.8	48.6	51.0	50.1	50.4	50.5
Agricultural 7/	do.	8.3	6.9	7.0	7.1	6.8	6.8
Government finance (Fed.) 8/	:Mil.dol.						
Receipts, net	do.	3,665	4,378	4,246	4,275	4,336	6,334
Expenditures	do.	3,462	3,914	3,224	2,879	2,402	3,546

Annual data for the years 1929-47 appear on page 17 of the March 1948 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1947 are on average monthly basis.

CURRENT DEVELOPMENTS

The recent enactment of foreign assistance programs, reduction in income taxes, and prospects for an expanded national defense program are likely to keep activity high for at least another year.*

The European Recovery Program and other foreign aid provide for a total outlay of 6.1 billion dollars in the next twelve months. This assures large exports for at least another year, perhaps only slightly below last year's record. It also assures substantial exports of farm products. In the past, the countries included in the European Recovery Program took about 60 percent of the total U. S. agricultural exports. If current prospects for improved crop production abroad are realized, however, foreign takings of U. S. farm products will be reduced perhaps 15-20 percent below last year's record of 3.9 billion dollars. Wheat exports, which accounted for about one-third of the total value of agricultural exports in 1947, will be considerably less than last year's record. But exports of cotton, tobacco, and fruits, which declined last year, are likely to be increased.

It is estimated that the reduction in income taxes for 1948 will increase consumer income available for spending over the next twelve months by about 5 billion dollars, or 3 percent over current levels.

Additional appropriations for national defense of more than 3 billion dollars are being considered by Congress. If these larger appropriations were adopted, total expenditures for national defense in the fiscal year 1948-49 would amount to almost 15 billion dollars. Total U. S. Government expenditures, on this basis, would probably be at least 40 billion dollars in the next fiscal year.

The metal industries probably would be affected most by an increase in national defense expenditures. Prices of metals and metal products have risen steadily since the end of the war and supplies are still short relative to demand.

OUTPUT AND EMPLOYMENT

Industrial production in March was close to the record of February despite work stoppages in the bituminous coal and meat-packing industries. The index of total production, seasonally adjusted, declined only 2 points to 192 (1935-39=100) and was 4 points above a year earlier. Total output declined further in April when production in the bituminous coal and meat-packing industries was curtailed for a longer period than in March, and output of steel and motor vehicles was affected by reduced coal supplies.

Durable goods production reached a new peacetime high of 230 in March, 4 points above February when it declined slightly, and 5 points above March a year earlier. Both steel and motor vehicle output set new peacetime records, while output in most other heavy industries was close to the high levels of January and February.

* An appraisal of economic trends in 1948, including these factors was presented in the March issue.

Nondurable goods production declined one point from February to 179 in March, 4 points above March 1947. Increased activity in the rayon textile, paperboard and beverage industries almost offset the sharp decline in meat-packing activity.

Output of minerals declined sharply reflecting the drop in bituminous coal production following the walkout of soft coal miners.

Total civilian employment in early March was estimated at 57.3 million persons, up slightly from 57.1 million in early February and 1.2 million greater than in March a year ago. The number of man-hours worked in both the agricultural and nonagricultural sectors increased substantially in March after having been curtailed by severe weather in February. In March, about 2.5 million more persons than in the previous month worked 35 hours or more per week. The number of persons unemployed declined to 2.4 million, 200,000 less than in February and about 100,000 greater than a year earlier.

INCOME AND RELATED FACTORS

The seasonally adjusted annual rate of personal income was 207.1 billions in February, 4.3 billion dollars below January. In February 1947, the annual rate was 189.5 billions. Most of the decline in February occurred in agricultural income which dropped because of the commodity price break. However, nonagricultural income also declined. Salary and wage receipts dropped to 126.7 billion dollars, 1.5 billion less than in January, but 9.6 billions greater than in February 1947. Much of the decline resulted from the reduced operations of many of the heavy industries due to bad weather and industrial gas shortages. Work stoppages probably were reflected in slightly smaller wage payments in March and April.

The dollar volume of department store sales in March was about the same as in January and February. The index of sales, seasonally adjusted was 285 (1935-39=100), compared with 284 in January and 283 in February. In March 1947, the index was 272.

COMMODITY PRICES

Commodity prices generally were stable in March and early April, but advanced about one percent in the third week in April. The monthly BLS index of wholesale prices in March was 161 (1926=100), the same as in February, 3 percent below the January peak and 8 percent above March 1947. The weekly index in the third week in April was two percent above the low point reached after the decline of some prices in early February. Comparison for the several commodity groups is shown in Table 1.

Table 1.-Group indexes of wholesale prices for week ending
April 17, 1948 with comparisons

Group	(1926 = 100)				
	Week	Week	Week	Percentage change from	
	ending	ending	ending		
	Apr. 17,	Feb. 21,	Apr. 19,	February 21,	April 19,
	1948	1948	1947	1948	1947
All commodities	162.9	159.2	147.2	+ 2	+ 11
Farm products	189.2	181.7	175.4	+ 4	+ 8
Foods	178.8	170.3	162.2	+ 5	+ 10
Hides and leather products ..	187.2	193.3	172.5	- 3	+ 9
Textile products	145.9	146.9	138.8	- 1	+ 5
Fuel and lighting materials ..	131.9	131.6	104.1	1/	+ 27
Metal and metal products	157.1	155.5	140.9	+ 1	+ 11
Building materials	194.9	191.9	178.4	+ 2	+ 9
Chemical and allied products :	136.8	134.9	132.5	+ 1	+ 3
House furnishings	144.7	143.6	128.1	+ 1	+ 13
All other than farm and food :	148.3	147.5	132.4	+ 1	+ 12

1/ Less than one-half percent increase.

For the week ending April 17, wholesale prices of textile products averaged slightly lower than in the latter part of February and hides and leather products were down 3 percent. Prices of all other groups showed increases with wholesale prices of foods and farm products up about 5 percent. Most of the increase in these groups occurred in the third week in April. Prices of all groups of products averaged 11 percent higher than in the comparable week last year. The major advances over a year ago were in the industrial commodities which advanced 12 percent in the past year. If expenditures for national defense are increased, industrial goods will be affected most, particularly metals and metal products. It is likely that prices of the latter group will continue to advance for some time.

The BAE index of prices received by farmers in mid-April was 291 (1909-14=100), up about 3 percent from March and 5 percent above April 1947. Most groups advanced from March, with truck crops and cotton up most. There were considerable differences from April 1947 (Table 2). The major increases from a year ago were in feed grains and hay which averaged 30 percent higher, and dairy products and truck crops which were up 15 percent. Fruit prices, which declined sharply last summer due largely to a dwindling foreign market, were down 36 percent from April 1947. Until 1948 crops are harvested, farm product prices will be sensitive to changes in crop prospects in this country and abroad.

Table 2. - Group indexes of prices received by farmers,
April 15, 1948, with comparisons

(Aug. 1909 - July 1914 = 100)

Group	:Percentage change from				
	:Apr. 15, 1948	:Mar. 15, 1948	:Apr. 15, 1947	:Mar. 15, 1948	:Apr. 15, 1947
Food grains	268	260	277	+ 3	- 3
Feed grains and hay	291	284	223	+ 2	+30
Cotton	275	256	260	+ 7	+ 6
Tobacco	371	372	387	1/	- 4
Oil-bearing crops.....	351	339	358	+ 4	- 2
Fruit	142	140	223	+ 1	-36
Truck crops	340	295	295	+15	+15
All crops	276	262	269	+ 5	+ 3
Meat animals.....	347	342	331	+ 1	+ 5
Dairy products	296	298	257	- 1	+15
Poultry and eggs.....	214	212	204	+ 1	+ 5
Livestock and products	304	302	282	+ 1	+ 8
Crops and livestock and products:	291	283	276	+ 3	+ 5

1/ Less than one-half percent decrease.

The BAE index of prices paid by farmers for commodities, interest and taxes in April was 249 (1910-14=100), 2 points above the March level and only 2 points below the peak reached in January. Compared with April 1947, the index was up 9 percent. Farm wage rates, seasonally adjusted, decline slightly from January 1 to April 1. The index on April 1 was 420 (1910-14=100) compared with 425 on January 1 and 397 on April 1 a year earlier. The parity ratio--the index of prices received by farmers divided by the index of prices paid by farmers, interest and taxes--in April was 117, up 2 points from March and 4 points below April 1947.

The BLS index of urban consumer prices was 167 (1935-39=100) in March, the same as a month previous. It probably moved up slightly in April, largely because of slightly higher prices of nonfood items. The index in March was 7 percent higher than in March last year.

FARM INCOME

During the first 4 months of 1948, farmers received about 8.3 billion dollars from farm marketings, 5.2 billion dollars from livestock and products and 3.1 billion dollars from crops. Receipts from both livestock and crops were a little higher than during first 4 months of 1947. Receipts from meat animals were reduced in March and April, partly because of curtailed meat packing operations, and receipts for the first 4 months were a little less than a year ago. Receipts from dairy products and poultry during this period were up moderately over last year, with a slightly smaller volume of sales more than offset by higher average prices.

In the first 4 months, increases in receipts from vegetables and cotton were nearly offset by decreases in tobacco, fruits, and corn. Prices of truck crops and potatoes were largely responsible for a substantial gain in vegetables. An unusually large part of the 1946 tobacco crop was marketed in 1947, whereas this year a rather small part of the 1947 crop remained to be sold after January 1.

Cash receipts from marketings in April probably were no greater than in March, but perhaps a little above April 1947. Receipts from livestock and products made up about two-thirds of the total. Receipts from meat animals were reduced because of the strike, and were probably about 10 percent less than in April of last year. Marketings of dairy products and poultry and eggs were up seasonally, and total receipts were higher than in March. Marketings of most crops were down seasonally, and total crop receipts declined. The March level of receipts from vegetables was maintained, however, because of the marketing of some early spring crops at relatively high prices.

LIVESTOCK AND MEATS

Prices of hogs and fed cattle are likely to rise through the next few months as meat-animal marketings become seasonally smaller. Prices of lambs and grass fat cattle are likely to decline less than seasonally during the summer. Average prices received by farmers for meat animals in April were a record for the month, 5 percent above a year earlier, slightly higher than a month earlier, but still well below January. Compared with average prices for 1947, those of cattle, calves, and lambs in April were higher but prices of hogs were lower. Beef cattle prices set a new all-time record.

Marketings of all species of meat animals are expected to be smaller this year than last. In the second quarter, however, hog marketings are expected to be about as large as a year earlier. The 1947 fall pig crop, now being marketed, was 3 percent larger than the 1946 fall crop. Also, a larger proportion of the fall pig crop may be marketed by July 1 this year because of smaller feed supplies. Hog marketings in the late summer and early fall probably will be below a year earlier. This will be partly due to the earlier shipment of 1947 fall pigs. In addition, farmers are likely to hold back 1948 spring pigs for feeding out of the new crops.

The current below-average hog-corn price ratio and small feed grain supplies indicate that the 1948 fall pig crop may be the smallest in 10 years.

Except for a seasonal gain this fall, no material increase in meat animal marketings is in prospect until late 1949 at the earliest. A large corn crop this year probably would encourage increased farrowings in the spring of 1949. Hogs from this crop would be ready for market late that year.

Supplies of feed grains for livestock during 1948-49 will be liberal if farmers plant as many acres to feed crops as their reports of intentions on March 1 indicated and if yields are about average.

Federally inspected slaughter of all cattle and calves in the first three months of 1948 totaled 11 percent less than the record slaughter for that period in 1947.

The total number of fed cattle for market this summer and fall will be materially under a year ago. The number of cattle on grain feed for market in the Corn Belt April 1 was 25 percent below a year earlier.

Lamb slaughter will continue less than a year ago. The early lamb crop was 10 percent smaller than the 1947 early crop.

DAIRY PRODUCTS

Consumer demand for milk and milk products will continue very high, at least for several months. Export and storage demand for major manufactured dairy products also will be strong. Thus, farmers will continue to receive substantially higher prices for milk and milk products than last year.

The relation of prices of dairy products to feed prices is likely to be more favorable for dairy production later in 1948 if farmers plant as many acres to feed crops as their reports of intentions on March 1 indicated and if yields are average.

Prices received by farmers for whole milk, adjusted for normal seasonal changes, have increased each month since June 1947. In mid-April, wholesale prices of milk averaged 15 percent higher than a year earlier. This reflects higher prices for milk both for fluid consumption and for manufacturing, and the increase in the proportion of milk used for fluid purposes. Prices paid to farmers for butterfat also are higher than a year ago. Cash receipts from dairying are higher despite smaller sales by farmers. But dairymen's costs also are higher.

The cost of feed concentrates in mid-April was 17 percent higher than in April 1947. The milk-feed price ratio was about one-tenth below a year earlier and the long-time average. The drop in the ratio and shorter feed supplies were largely responsible for the lower rate of concentrate feeding to dairy cows on April 1 and the slightly lower output of milk per cow. The number of milk cows on farms in March was smaller a year earlier and the lowest since 1939. Milk production during March was 5 percent under the record for the month reached in 1947, but with average crops and pastures this season, total milk flow during the later months may equal or exceed the same months in 1947.

POULTRY AND EGGS

Farmers received an average of 42.6 cents per dozen for their eggs in mid-April, 1.8 cents higher than on April 15, 1947 and the highest on record for the month. Egg prices are likely to continue above last year, reflecting a smaller production and a continued strong demand. If farmers plant as many acres to feed crops as their reports of intentions on March 1 indicated, and if yields are average, the relation between egg and feed prices in the last half of 1948 will be more favorable to producers than in the last half of 1947.

Prices of chicken meat have been rising moderately in the past two months, partly because of the reduction in meat supplies. Chicken prices are not likely to change much for the remainder of the year. Supplies from April through December may be only slightly smaller than for the last three quarters of 1947. The reduction in output due to the prospective 10 to 15 percent reduction in chickens raised will be offset to a large extent by the larger cold-storage stocks and increased broiler production.

Commercial broiler production is continuing to increase despite the fact that feed prices have increased more than broiler prices. This largely results from the increased efficiency in output per pound of feed. In 1947, the number of commercial broilers produced was 283 million, 3 percent above 1946. Prices received by broiler growers were one-half cent a pound less while feed prices averaged 20 percent higher.

FATS, OILS, AND OILSEEDS

The general level of prices of edible and soap fats and oils in April was about 15 percent higher than the 1947 average and probably will continue above last year during the rest of 1948. Prices of inedible tallow and greases in April were unusually low in relation to prices of other soap fats and most edible oils. Supplies of the vegetable oils used mainly in food products will be smaller during the rest of 1948 than a year earlier, unless yields per acre from 1948 oil crops are unusually high. With average yields on the acreage farmers reported on March 1 they intended to plant, peanut production would decrease moderately, but the soybean crop would be slightly larger than last year. Production of lard, grease, and tallow in the last 9 months of 1948 is likely to be considerably smaller than a year earlier. Imports of coconut oil and copra in terms of oil may be less in 1948 than in 1947.

Prices of drying oils in April were about 15 percent below the 1947 average and are likely to remain under 1947. Production of linseed oil from domestic flaxseed will continue large during the rest of 1948. A substantial quantity of 1947-crop flaxseed apparently is still on hand and the fall and winter sown acreage to be harvested in May and June is a record. Farmers' planting intentions indicate a larger acreage of spring sown flaxseed this year than last. With an average yield per acre, another large crop of flaxseed will be produced. Imports of tung and other drying oils probably will be about as large in 1948 as in 1947.

CORN AND OTHER FEEDS

Demand for feed grains continues strong. Prices in March and April were well above the low point reached in February, but below the record of January.

In January-March, feed grain prices averaged more than 50 percent higher than in the same quarter of 1947. In April, they were about one-third higher than in the same month last year. The lower-protein by-product feeds were one-fourth to one-half higher this April than last; oilseed cakes and meals were only about 15 percent higher; and animal protein feeds were slightly lower. Feed grain prices continue high in relation to most of the byproduct feeds.

During the summer and fall months, prospects for the new feed crops will be an important influence in feed grain prices. With 1942-46 average yields by States on the acreage of feed grains indicated by farmers' intentions in March, production would be about one-fifth larger than in 1946. In this case more than ~~the~~ usual seasonal decline is in prospect for prices of corn and other feed grains in the last half of the year.

Combined stocks of corn, oats, and barley on April 1 were 30 percent below a year earlier. Domestic disappearance during January-March was 13 percent less than in the same quarter of 1947. On January 1, stocks of the three grains were one-fourth below a year earlier.

Use of feed grains will continue smaller than last year until the 1948 corn and oats crops are harvested. Domestic use of corn in April-September is expected to be around one-fifth below the same period of 1947. The carry-over of corn next October 1 probably will be less than one-half the 285 million-bushel stocks of last October. In the July-September quarter, when new small grain crops will be available, oats and barley will be a larger percentage of total feed grains fed than usual. There also will be a greater tendency to increase wheat feeding this summer, especially if the 1948 wheat crop is as large as is now expected.

Pasture conditions on April 1 were generally better than a year ago in the Eastern half of the country, especially in the South. In the Pacific Coast area, and particularly in California, pasture conditions are not as good as in the spring of 1947. Prospects for the barley crop there are also less favorable.

Excessive rain and cold weather this spring delayed seeding of oats over fairly wide areas of the United States and the acreage seeded, particularly spring oats in the South, probably was less than planned.

WHEAT

Wheat prices are expected to decline seasonally in late May or early June. In the meantime, they will be sensitive to changes in weather conditions. The outlook for production and exports indicates that prices are not likely to decline much below the loan level following harvest, and will average substantially above that level for the marketing year as a whole.

Before the postwar export demand raised prices above the loan level they usually fell below the support price after harvest but advanced above it later in the season. If the parity price next June is the same as the \$2.20 in mid-April, the average loan rate to growers on the new crop at 90 percent would be about \$1.28. The loan price for No. 2 Hard Winter Wheat at Kansas City would be about \$2.22. Cash prices are currently about 10 cents above the low levels of February 13.

The 1947-48 export goal for wheat and flour (wheat equivalent) was increased to 482 million bushels on April 26. Together with an estimated 95 million bushels of other grains for export, this makes a total grain export program (excluding rice) of 577 million bushels, or about 5 million bushels above last year's record grain export total.

Total wheat stocks on April 1 were 478 million bushels. With stocks on January 1 of 797 million bushels, January-March disappearance totaled 319 million bushels. It is estimated that in January-March 116 million bushels were used for food, 1 million for seed and 115 million for export, leaving a residual of about 87 million bushels as the quantity fed to live-stock and poultry. This compares with an average of about 75 million bushels fed in the same quarter in the past 10 years.

Of the 478 million bushels on hand April 1, about 109 million bushels are expected to be used for food, about 23 million for seed, and 109 million for export. Feed use is difficult to estimate but may total as much as 60 million bushels. On the basis of these figures the carry-over July 1, 1948 would total about 175 million bushels.

In April, the 1948 wheat crop appeared likely to be close to the 1,153 million bushels produced in 1946, the second largest on record. The 1,365 million bushels produced in 1947 was our largest crop. A crop of over 1,100 million bushels, and a domestic use of about 775 million bushels would provide over 300 million bushels either for export in 1948-49 or for addition to carry-over July 1, 1949. Total exports, including the European Recovery Program, are expected to be in excess of 300 million bushels.

Europe's 1948 harvest of bread grains, assuming normal weather until harvest, may exceed 1946, but still be considerably below average prewar production. While crop prospects in many importing countries indicates a much larger crop than the small 1947 harvest, import requirements are expected to continue large. Sizeable imports are needed to bring up the ration levels and to restore stocks to reasonable working levels.

FRUIT

With demand steady and supplies large, prices for most fruits in May and June are expected to continue at or near April levels.

Prices for oranges at terminal auction markets in May probably will continue near April levels, because of the large volume remaining to be marketed. Prices may increase slightly in June as marketings from Florida decline seasonally. With supplies of Florida and Texas grapefruit extremely large for this time of year, prices during May and June probably will continue near the low levels of April. In contrast, prices for lemons are likely to increase seasonally in late spring and summer. Through early April of this season, about as many grapefruit had been processed as in the same part of the 1946-47 season, but about 50 percent more oranges had been processed.

With storage stocks of 1947-crop apples and pears large for this late in the season, prices received by growers probably will not advance and even may decline. To assist growers in disposing of the large supplies, the Department of Agriculture through April 24 this season had purchased and shipped 491 cars of apples and 103 cars of pears for use in the School Lunch Program.

As marketings of strawberries increase seasonally in May and continue large in June, prices received by growers are expected to decline from April levels but be near the levels of May and June 1947. Mid-spring production is forecast at 5 percent less than in 1947 and 9 percent less than the 1937-46 average. Late-spring acreage is estimated to be 10 percent larger than last year and 3 percent above average.

Stocks of frozen strawberries on April 1 were about 6 percent smaller than a year earlier. Those of all frozen fruits were about 24 percent smaller. Packer and wholesale distributor stocks of canned peaches and pears were considerably larger on March 1, 1948 than a year earlier, but those of canned apricots were moderately smaller.

COMMERCIAL TRUCK CROPS

For Fresh Market

The index of prices received by farmers for commercial truck crops sold on the fresh markets in the next few months is expected to fall a little faster than is usual for the season. Weather has delayed the development of the spring-season crops in most Southeastern and Northwestern producing areas. As a result, harvesting dates in late spring probably will be bunched.

Total fresh market tonnage produced in April, May and June is expected to be about 4 percent less than last year but 12 more than the 1937-46 average, on the basis of early estimates covering about 60 percent of the total spring production. Reductions in yield per acre are primarily responsible for the smaller production this year.

Because of considerably lower production, higher prices than last spring seem probable for green peas, carrots, beets and dry onions. On the other hand, prices of eggplant and green peppers in May and June are expected to be considerably lower than last year because of the much larger crops now indicated.

For Processing

Consumer demand for canned vegetables will decline seasonally this spring and summer as supplies of fresh vegetables become more plentiful and lower-priced. However, consumption is expected to continue at about the same high annual rate as in the last few years. Stocks of good quality canned and frozen vegetables in the hands of packers and wholesale distributors are not excessive, and commercial processors appear generally to be interested in maintaining or increasing the scale of their operations.

Early reports of intentions of commercial canners and freezers indicate the probability of smaller acreages of snap beans, cucumbers for pickles, and tomatoes, but slightly larger acreages of green peas pimientos and sweet corn; and considerably larger acreages of beets and of cabbage for kraut (contract acreage only). Production of spinach for processing in California and Texas is expected to be about 10 percent less than in 1947.

POTATOES AND SWEETPOTATOES

Growers probably will receive considerably higher prices for potatoes sold in May this year than a year earlier but only slightly to moderately higher prices than a year earlier for those sold in June and July.

Several factors contribute to this prospect. In the first place, stocks of merchantable "old" potatoes from the 1947 crop remaining to be sold are considerably smaller than a year earlier. In the second place, the commercial early or "new" 1948-crop potatoes were planted late and have developed slowly in many areas of the South, and the spring crop from these areas will come to market later than usual. Early commercial yields in the important late spring and the summer areas have not yet been estimated but acreages are larger than last year and it is likely that marketings will be heavier in May and June than last year. Finally, the considerable advance in the parity index since last year raises the level of support prices this year.

Demand for sweetpotatoes is expected to remain at about present levels for May and June. Supplies will come almost entirely from remaining stocks of 1947 crop sweetpotatoes, which are smaller than at this time a year ago. Slight advances in prices received by growers for sweetpotatoes are probable during May and June.

DRY EDIBLE BEANS AND PEAS

Prices that growers will receive for their remaining small stocks of dry edible beans and peas are expected to continue near the April levels. On April 15, 1948, growers received an average of \$11.10 per 100 pounds of beans, considerably above the support level. For peas they received an average of \$5.28 per 100 pounds, only slightly above support.

Foreign outlets in the 1947-48 season, as last year, contributed a firm tone to the market. For the 1947-48 fiscal year, 2.3 million bags of beans have been allocated for export. By April 1, the Government had purchased approximately 1.4 million bags and had shipped most of them abroad for relief feeding. Of peas, the comparable allocation is about 2 million bags, of which about 1.7 million bags had been shipped by April 1.

If farmers carry out their intentions as of March 1, they will plant about 1.5 percent fewer acres to dry beans in 1948 than in 1947. Also, they will plant about 15 percent fewer acres to dry peas.

COTTON

Prices of cotton in the ten spot markets in mid-April were the highest this season. Middling 15/16" averaged 38.27 cents per pound on April 20 compared with 33.83 a month earlier, 32.10 two months earlier, and 35.46 on the same date a year ago. Premiums for staple lengths longer than 15/16" of Middling and better grades widened moderately as did discounts on most grades below Middling and most staples shorter than 15/16".

Reported sales in the ten markets have increased in recent weeks. Sales from April 1 to April 15 totaled about 315,000 bales compared with about 200,000 from March 16 through March 30 and 114,000 bales April 1 through April 15 last year. The increase was largely due to buying by China and to anticipated exports to Europe under the European Recovery Program. Mill demand, in general, has been weak and restricted for the most part to small lots of particular grades and staples.

Mill consumption during March was 879,000 bales, a rate equivalent to about 9 million bales for the 1947-48 season. Exports for February were 163,000 bales compared with 214,000 in January, and 385,000 in February 1947.

WOOL

Activity in the Boston wool market continued quiet during April. Demand for choice fine and half-blood domestic wools was strong but, because of the limited stocks of these grades, few sales were reported.

During the week ending April 9, prices for imported Australian wools at Boston returned to the level prevailing before the sharp decline in early March and have remained at this level. Prices of South American wools remained unchanged.

The Commodity Credit Corporation increased the purchase prices for 1948 shorn and pulled wools, effective April 1, 1948. The increases, ranging from 1 to 4 cents per pound, clean basis, were designed to offset higher marketing costs and to assure producers returns equal to those received in 1946. The price changes also maintain the normal differentials between graded wools. Purchase prices for all 1948 shorn wools, except "off wools," were increased 1 cent a pound, clean basis, to offset higher freight rates. In addition, the CCC added the following premiums: grades shorn wools of average French combing or better, including fine to 1/4-blood wools, 1 cent to 2 cents a pound; scoured wools, 3 cents per pound; eight-months and fall Texas wools, 1 cent per pound, clean basis. Prices of pulled wools were increased 1 cent a pound, clean basis, except for certain grades of worsted types, which were raised 2 to 3 cents per pound.

Consumption of apparel and carpet wool totaled 115.8 million pounds, scoured basis, during the first two months of 1948, according to preliminary Bureau of the Census figures. Of the total consumption, apparel wool comprised 73 percent and carpet wool 27 percent. Average weekly mill consumption during this period exceeded the November-December 1947 average by 17.9 percent and was only 1.4 percent below the rate for the same period in 1947.

TOBACCO

The European Recovery Program substantially improves the prospects for tobacco exports in the year ahead. Total exports of tobacco in January-February dropped 48 percent below the same two months in 1947. The sharpest declines occurred in flue-cured, Kentucky-Tennessee fire-cured, Burley, and Green River (type 36). Virginia fire-cured was up slightly while cigar leaf, One Sudter (type 35) and the Black Fat group (mostly dark air-cured) were substantially above January-February 1947.

Domestic demand for cigarettes was slightly lower than a year ago during the first quarter of 1948. Snuff consumption during the first quarter of 1948 exceeded the same period last year by about 16 percent while cigars, smoking and chewing were about the same.

With the exception of Maryland, type 32, and some cigar tobacco, the 1947 tobacco crop has been marketed. Auction prices of 1947 flue-cured by types were 9 to 17 percent below 1946. Auction prices of 1947 Burley averaged 22 percent above 1946. Auction prices of 1947 Virginia fire-cured were 1 percent below and Kentucky-Tennessee fire-cured 16 percent above 1946. The 1947 dark air-cured auction prices by types were 13 to 18 percent higher than 1946. Price support operations were important in flue-cured, fire-cured, and dark air-cured marketings in the past season. A little less than one-fifth of flue-cured and approximately two-fifths of both fire-cured and dark air-cured were placed under Government loan. Only about 7 percent of Burley was placed under Government loans.

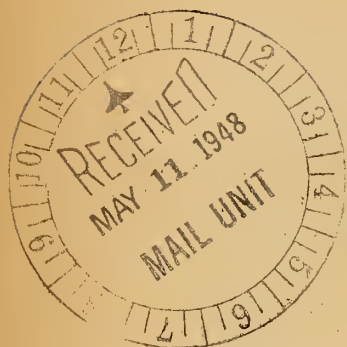
Maryland auctions begin May 11. The record 1946 crop averaged about 44 cents--the lowest since 1941. The 1947 crop is estimated at nearly one-fifth smaller than the 1946 crop, but supplies are larger than last year due to larger carry-over. The 1948 acreage intentions of Maryland farmers in March were down about 8 percent from last year. The principal domestic use of Maryland is in cigarettes, production of which is expected to continue at about the 1947 level. Exports accounted for approximately one-fifth of the total disappearance of Maryland (type 32) in both 1946 and 1947. The principal importer of Maryland tobacco is Switzerland, which took less in 1947 than in 1946 but substantially more than before the war. Netherlands and France took more Maryland in 1947 than in 1946 but smaller amounts than in most years just prior to the war.

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